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Rayrock
Mines
LIMITED

ANNUAL REPORT

1974



ANNUAL MEETING

June 26, 1975

2:30 p.m.

Room 200

Lord Simcoe Hotel
Toronto

RAYROCK MINES LIMITED
AND ITS SUBSIDIARY

DIRECTORS

J. C. BYRNE, Toronto
President and Managing Director of Discovery Mines Limited
Managing Director, Avoca Mines Limited

C. M. EVANS, Calgary
Vice-President, Ashland Oil Canada Limited

H. BRODIE HICKS, Vancouver
Principal of Cannon-Hicks Associates Ltd.,
Geological and Mining Consultants

H. EARL JOUDRIE, Toronto
Chairman and Chief Executive Officer, Ashland Oil Canada Limited

P. M. KAVANAGH, Toronto
President, Newmont Mining Corporation of Canada Limited

J. J. RANKIN, Toronto
President and Managing Director of Jorex Limited

W. J. WHELAN, Toronto
Administrative Vice-President, Ashland Oil Canada Limited

OFFICERS

J. C. BYRNE
President and Managing Director

H. EARL JOUDRIE
Vice-President

D. R. CROMBIE
Vice-President, Mining

D. R. MCEWEN
Secretary-Treasurer

EXECUTIVE ENGINEER

L. A. BEDNARZ

SENIOR GEOLOGIST

T. ANTONIUK

EXECUTIVE OFFICE

Suite 1011, 2200 Yonge Street, Toronto, Canada

TRANSFER AGENTS AND REGISTRARS

CROWN TRUST COMPANY, Toronto

BANKERS

ROYAL BANK OF CANADA, Bay and Temperance Branch, Toronto

AUDITORS

COOPERS & LYBRAND, Toronto

SOLICITORS

MUNGOVAN & MUNGOVAN, Toronto

RAYROCK MINES LIMITED
AND ITS SUBSIDIARY

Directors' Report to the Shareholders:

Shareholders will note that the Company has elected to change its fiscal year, ended October 31st, to conform with that of the calendar year; accordingly the latest financial results reflect a fourteen month period and do not serve as a true comparison with the previous twelve months.

Rayrock's 1974 net earnings amounted to \$658,274 or \$0.15 per share before deducting \$346,228 as its share of 1974 losses incurred by Discovery Mines Limited. This deduction is necessary because of the rules of equity accounting as set out by The Canadian Institute of Chartered Accountants. As a result net income is shown as \$312,046 or \$0.07 per share. Revenues from petroleum, mining, and investments each posted increases, while operating profit from petroleum production and investment income registered record highs.

The Company is strong financially with a working capital at December 31, 1974 of \$1.9 million and investments having a market value of \$4.8 million. Gold shares constitute the bulk of our portfolio, the principal holding being a 43 per cent equity in Discovery Mines Limited which has an important stake in three semi-developed gold prospects. One of these properties, the Camlaren mine, is currently the subject of production planning.

Rayrock's Petroleum Division has recently acquired additional oil reserves in Southwestern Ontario for a purchase price of \$913,000. The acquisition of an estimated recoverable reserve total of 2,168,000 barrels represents the interests formerly held by another firm in two of the three waterflood units operated by your Company. Ultimate realizable production from the three oil properties now wholly owned is conservatively estimated at over 3.3 million barrels.

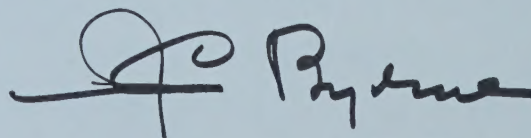
The increase in oil income resulting from the aforementioned purchase will, in large measure, replace the loss of revenue from the Icon Sullivan copper mine where production has just terminated due to exhaustion of ore reserves. Monthly copper output in 1974 averaged approximately one million pounds, little changed from the previous year.

A production decision by mid-1975 is anticipated for the Nevada Pinson gold property in which Rayrock owns a 20 per cent interest. Ore reserves amenable to open pit mining are 1.7 million tons averaging 0.18 ounces gold per ton, while additional tonnage of lower grade reserves are available by surface extraction. An annual production rate of 300,000 tons of ore is contemplated. Preliminary discussions have been initiated with Canadian banking concerns regarding senior financing for the project.

General exploration in 1975 will, as in previous years, be conducted primarily through syndicate participations. Two of the important ones are the Icon Syndicate in its 16th year, and the Cordex Syndicate in its 5th year of activity. Rayrock, in partnership with Ashland Oil Canada, has been negotiating to option a partially developed silver-zinc prospect in Quebec. If negotiations are successful a major surface drilling program is planned.

Our Canadian mining industry is today operating in an atmosphere of general uncertainties characterized by government overregulation and excessive tax burdens which in several of the provinces have approached confiscatory levels. These problems when combined with rampant inflation and common labour shortages have eroded the incentive to explore and develop within an environment noted for greater than normal risks.

On behalf of the Board



J. C. BYRNE
President and Managing Director

Toronto, Canada
May 8, 1975

RAYROCK MINES LIMITED

AND ITS SUBSIDIARY

MINE PRODUCTION

ICON SULLIVAN JOINT VENTURE

For its 1974 fiscal year ended October 31st the Icon Sullivan Joint Venture recorded a modest increase in revenues and net earnings in comparison to the 1973 period. Copper production in concentrate was 11,656,000 pounds, little changed from the previous year. Tonnage preconcentrated was 295,881 tons from which 203,109 tons averaging 2.95 per cent copper were milled.

For the two months ended December 31, 1974 the Icon mine reported copper output of 2,054,000 pounds from the treatment of 31,506 tons of ore grading 3.36 per cent.

Ore reserves were exhausted in April of this year although milling continued into May. Plant and

equipment at the mine site will be disposed of and the Joint Venture will subsequently be wound up.

As at December 31, 1974 working capital of the Joint Venture was \$2.1 million which amount includes outstanding smelter settlements at estimated net realizable value. Rayrock's interest in the assets is 23.75 per cent with the exception of the preconcentrator on which Canadian Merrill is entitled to receive 10 per cent of any net proceeds and the Icon Sullivan participants the balance.

Rayrock wishes to acknowledge the excellent contributions of Mr. J. N. Botsford, Project Manager, and Mr. E. W. Watt, Mine Manager, and their staffs for a job well done at Icon since production commenced in 1967. Success would not have been possible had it not been for the exploration efforts of the Icon Syndicate and its Manager, Mr. A. J. Troop.

PETROLEUM PRODUCTION

Aided by higher crude oil prices profitability of the Company's Petroleum Division improved over the 1973 fiscal period although oil production net to Rayrock declined from 126,584 barrels to 115,064 barrels.

Through A. E. MacKay Petroleum Limited your Company operates three waterflood units in southwestern Ontario and its interest in each is as follows — a wholly-owned parcel in the Rodney Field, a 40 per cent interest in the R & R Unit of the same field, and a 10 per cent equity in the Gobles Field. Productivity of the three waterflood units is presently 465 barrels oil per day. In 1975 Rayrock acquired the remaining 60 per cent interest in the R & R Unit and the 90 per cent equity in the Gobles Unit.

For the 14 month period ended December 31, 1974 total crude production for Rayrock's account was 132,444 barrels.

Period November 1, 1973-December 31, 1974

	Wholly- owned	R & R Unit	Gobles
Total Crude			
Production — bbls.	105,536	52,657	58,462
Net to			
Rayrock — bbls.	105,536	21,062	5,846

In addition to its Ontario operations Rayrock continues to receive significant income from a long standing interest in the Redwater oil field in Alberta.

MINERAL EXPLORATION

ICON SYNDICATE

Two regional exploration programs were conducted in Northern Ontario during 1974 and will continue through 1975. The one activity comprised an airborne geophysical survey and ground followup

to examine prime conductive responses. In the other program diamond drilling was undertaken to investigate anomalies disclosed from an earlier combined airborne and ground survey. No economic mineral occurrences have as yet been discovered.

RAYROCK MINES LIMITED

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The Icon Syndicate also drilled a base metal prospect located near the Icon Sullivan mine; results were disappointing.

Your Company's association with this Syndicate dates back to 1960, and we regard its longevity as somewhat remarkable. Since its inception, Icon has been under the capable direction of Mr. A. J. Troop.

CORDEX SYNDICATE

Encouraging results have been reported by the Cordex Syndicate in its drill investigation of two low grade gold-silver deposits located near Tonapah in southwestern Nevada. While indicated reserves amenable to surface extraction are in the order of several million tons, the average tenor is marginal at 0.04 ounces per ton gold equivalent. One of the better holes returned 540 feet averaging 0.028 ounces gold and 0.6 ounces silver per ton, of which a 140 foot section assayed 0.059 ounces gold and 0.8 ounces silver per ton. Additional drilling is scheduled for one of the occurrences.

The Cordex Syndicate recently acquired property in the area of the famed gold and silver mining town of Goldfield, Nevada, following a geological examination of selected and accessible underground workings.

During the past year several gold prospects in Nevada, Arizona, and California were investigated. A copper and a tungsten occurrence was also examined.

Financial sponsors of the Syndicate, each contributing 25 per cent of the exploration funds, are Rayrock Mines Inc., and U.S. subsidiaries of McIntyre Mines, Lacanex Mining Company, and Camflo Mines.

PINSON PROJECT

A production decision by mid-1975 is anticipated for the Pinson property located near Winnemucca in northern Nevada. Discovered by the original Cordex Syndicate group the Pinson gold deposit was the object during the past year of detailed economic and

technical studies, one of which was prepared by Wright Engineers Limited. To enable a more accurate costing of the process methods being considered additional metallurgical and grinding tests are in progress. Also, an underground sampling program has just been completed, designed to substantiate drill indicated results of a higher grade section of the Pinson orebody.

Ore reserves at Pinson are calculated to be 1.7 million tons averaging 0.18 ounces gold per ton recoverable by open pit mining with an overall waste-to-ore stripping ratio of 4.7 to 1. Importantly, there are two other lower grade gold deposits situated within 13 miles of the main orebody.

Preliminary discussions have been initiated with Canadian banking concerns regarding production financing, and indications are that a substantial percentage of the capital requirements can be secured through bank loans. Estimated capital costs to bring the Pinson into production at 300,000 tons ore per year is \$10 million assuming a conventional cyanidation process is chosen. There is a possibility that a used mill, located in Nevada, may become available for purchase.

Rayrock's net interest in the Pinson project is 20 per cent. The other participants are International Mogul Mines, Lacanex Mining, United Siscoe, and Cordilleran Exploration.

MUNROE LAKE SYNDICATE

During the summer of 1974 a reconnaissance prospecting venture was carried out in the Munroe Lake region of northern Manitoba by a syndicate consisting of Rayrock Mines and Noranda Exploration, each with a 25 per cent participation, and Duncan Resources with a 50 per cent interest. A series of disseminated copper occurrences were noted in both outcrop and boulders along a belt stretching for 25 miles in length. Elsewhere the ground investigation disclosed weak radioactive rocks which were not regarded as economically important.

Additional exploration will be conducted in 1975 and will consist of ground geophysics over several selected areas of known copper mineralization. Follow-up drilling would be undertaken if warranted.

RAYROCK MINES LIMITED

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RECO SILVER MINES PROJECT

During the period May to August, 1974 Rayrock conducted additional underground exploration on the optioned silver-lead-zinc prospect of Reco Silver Mines Limited located in the Slocan district of British Columbia. The program was designed to investigate at depth two potential oreshoots discovered in the summer of 1973. Drifting from a new adit level encountered only minor and erratic mineralization in a complex geological environment. In light of the rather disappointing results and the implementation of crippling mining legislation in that province Rayrock has terminated the working option. However, under the terms of the agreement Rayrock has earned 700,000 shares of Reco as a result of its expenditures on the property.

GOLDLUND MINES PROJECT

The optioned Goldlund Mines gold property near Sioux Lookout, Ontario was placed on care-and-maintenance following the 1973 drilling. Rayrock has decided it is not prepared to undertake additional exploration as comparative results of its examination did not confirm grades reported from that work performed over twenty years ago.

Should Rayrock terminate the option agreement Rayrock will have earned no interest in the gold property but did receive 706,250 Goldlund shares for the expenditures of \$765,000.

GENERAL

A prospecting crew was engaged in the Schreiber region of Northern Ontario during the summer of

1974. While several gold showings were examined none displayed economic characteristics.

A base metal prospect, located 80 miles southeast of Yellowknife, was optioned and a modest drilling program conducted to investigate a mineral showing exposed by surface trenching. Results were disappointing, the best intersection being 0.4 ounces silver and 2.5 per cent lead over 31 feet.

Rayrock has entered into a joint venture agreement with Canadian Malartic Gold Mines to explore two claim blocks in Dieppe Township, which is located in the general area of the recent base metal discoveries of Selco Mining and Pickands Mather in Brouillan Township, Northwestern Quebec. A ground follow-up geophysical program has been completed and drilling to investigate the airborne responses will follow. A 50 per cent participating interest may be earned by Rayrock upon the expenditure of \$21,500.

Rayrock, in association with Ashland Oil Canada, will finance exploration this summer on Discovery's LaForma gold prospect to earn an interest. The property, which is located 40 miles west of Carmacks in the Yukon Territory, was the subject in 1974 of a geochemical survey from which some exceptionally high values were recorded for gold and arsenic, the latter known to be a good geochemical indicator of gold bearing structures in this area. One of the anomalies to be drill investigated is interpreted to be a possible faulted extension of the G-3 Zone which was the zone mined during a brief period of production in 1965.

RAYROCK MINES LIMITED
AND ITS SUBSIDIARY

Consolidated Balance Sheet

ASSETS

	December 31, 1974	October 31, 1973 (note 2) Restated
	\$	\$
Current Assets		
Cash	86,652	127,043
Short-term deposits	1,400,000	1,200,000
Other short-term investments	50,260	53,345
Accounts receivable and prepaid expenses	314,440	186,534
Interest in the current assets of the Icon Sullivan Joint Venture	508,035	447,939
	<u>2,359,387</u>	<u>2,014,861</u>
Investment in other companies (note 3)	<u>4,135,213</u>	<u>3,960,801</u>
Oil properties		
Petroleum and natural gas leases — at cost less accumulated depletion (1974 — \$627,168; 1973 — \$570,805)	451,881	508,243
Non-producing leases — at cost less amounts written off	23,515	23,515
Well equipment — at cost less accumulated depreciation (1974 — \$144,436; 1973 — \$140,625)	13,084	16,552
	<u>488,480</u>	<u>548,310</u>
Mining properties		
Mining claims — at cost	25,004	28,452
Interest in non-current assets of the Icon Sullivan Joint Venture	119,077	192,825
Interest in unexpended funds of mining exploration syndicates	18,113	10,186
Mine buildings and equipment — at cost — less accumulated depreciation of \$18,000	234,021	—
	<u>396,215</u>	<u>231,463</u>
Other assets		
Head office furniture — at cost less accumulated depreciation (1974 — \$14,409; 1973 — \$12,576)	7,336	7,556
	<u>7,386,631</u>	<u>6,762,991</u>

s at December 31, 1974

LIABILITIES

	December 31, 1974	October 31, 1973 (note 2) Restated
Current liabilities	\$	\$
Bank loan — secured	133,025	—
Accounts payable and accrued liabilities	48,728	118,137
Income taxes	294,978	24,000
	<u>476,731</u>	<u>142,137</u>
Deferred income taxes (note 1(d))	200,000	223,000
	<u>676,731</u>	<u>365,137</u>

SHAREHOLDERS' EQUITY

Capital stock		
Authorized —		
5,000,000 shares of \$1 par value each		
Issued —		
4,460,000 shares	4,460,000	4,460,000
Contributed surplus	619,318	619,318
Retained earnings	1,630,582	1,318,536
	<u>6,709,900</u>	<u>6,397,854</u>

Signed on behalf of the Board

J. C. BYRNE, Director

H. EARL JOUDRIE, Director

7,386,631

6,762,991

RAYROCK MINES LIMITED
AND ITS SUBSIDIARY

Consolidated Statement of Earnings
For the Fourteen Months Ended December 31, 1974 (note 2)

	Fourteen months ended December 31, 1974 \$	Twelve months ended October 31, 1973 Restated \$
Crude oil sales	859,648	515,127
Metal sales	2,401,252	1,852,380
Investment income	244,537	536,319
Total gross income	3,505,437	2,903,826
Operating profit		
Petroleum operations	461,023	276,642
Mining operations	856,541	649,631
Investment income		
Share of income (loss) determined by the equity method (notes 1(a) and 3)	(346,228)	235,684
Other investment income	590,765	300,635
	1,562,101	1,462,592
Other expenses		
Administrative and general	97,264	99,940
Depreciation	113,865	67,254
Amortization of oil leases	56,362	54,739
Provincial mining tax	86,807	40,124
Oil lease costs written off	3,448	30,463
	357,746	292,520
Earnings before exploration expenditures and income taxes	1,204,355	1,170,072
Exploration expenditures (note 4)	630,309	931,296
	574,046	238,776
Income taxes		
Current	285,000	24,000
Deferred	(23,000)	(36,000)
	262,000	(12,000)
Net earnings for the period	312,046	250,776
Per share information		
Earnings before exploration expenditures and income taxes	\$0.27	\$0.26
Exploration expenditures	\$0.14	\$0.21
Net earnings for the period	\$0.07	\$0.06

RAYROCK MINES LIMITED

AND ITS SUBSIDIARY

Consolidated Statement of Changes in Financial Position

For the Fourteen Months Ended December 31, 1974

	Fourteen months ended December 31, 1974	Twelve months ended October 31, 1973 Restated
	\$	\$
Source of working capital		
Current operations –		
Net earnings for the period	312,046	250,776
Items not affecting working capital –		
Deferred income taxes	(23,000)	(36,000)
Share of (income) loss on equity basis	346,228	(235,684)
Depreciation and amortization	170,227	121,993
Gain on sale of investments	(313,327)	(175,826)
Oil lease costs written off	3,448	30,463
	495,622	(44,278)
Proceeds on sale of investments	834,156	713,886
	<u>1,329,778</u>	<u>669,608</u>
Use of working capital		
Purchase of investments	985,197	506,708
Additions to mine properties	325,784	–
Share of cost of non-current assets of Icon Sullivan Joint Venture	938	6,059
Increase (decrease) in unexpended funds of mining exploration syndicates ..	7,927	(38,292)
Other	–	1,558
	<u>1,319,846</u>	<u>476,033</u>
Increase in working capital	9,932	193,575
Working capital – beginning of period	1,872,724	1,679,149
Working capital – end of period	<u>1,882,656</u>	<u>1,872,724</u>

Consolidated Statement of Retained Earnings

For the Fourteen Months Ended December 31, 1974

	Fourteen months ended December 31, 1974	Twelve months ended October 31, 1973
	\$	\$
Balance – Beginning of period		
As previously reported	1,565,532	1,586,440
Adjustment for change to equity accounting (note 1(a))	(23,996)	(259,680)
Deferred income taxes on oil and gas intangibles (note 1(d))	(223,000)	(259,000)
As restated	1,318,536	1,067,760
Net earnings for the period	312,046	250,776
Balance – end of period	<u>1,630,582</u>	<u>1,318,536</u>

RAYROCK MINES LIMITED
AND ITS SUBSIDIARY

Notes to Consolidated Financial Statements

For the Fourteen Months Ended December 31, 1974

1. Accounting policies

(a) Basis of consolidation

The consolidated financial statements include the accounts of the company and its subsidiary, Rayrock Mines, Inc. In 1974 the company adopted the equity method of accounting for its investment in Discovery Mines Limited. The effect of this change, which has been applied retroactively, was to increase 1973 earnings by \$235,684, to decrease 1974 earnings by \$346,228 and to decrease retained earnings at November 1, 1972 by \$259,680. These earnings and losses of Discovery were included for the twelve month periods ended December 31, 1973 and December 31, 1974 respectively since financial information was not available separately for the applicable months of November and December.

(b) Participation in joint venture

The company's proportionate share of gross revenue, operating profit from mining operations, depreciation and mining tax and therefore net earnings of the Icon Sullivan Joint Venture, as well as the company's proportionate investment in the current and non-current assets of the venture are included in the consolidated financial statements.

(c) Translation of foreign currency

Current assets and current liabilities have been converted at the exchange rates prevailing at the year end. Other assets and liabilities have been converted at historical rates.

(d) Deferred income taxes

In accordance with the Canadian Provincial Securities Administrators' National Policy 27, the company in 1974 adopted tax allocation accounting in respect of oil and gas intangibles. This policy was adopted retroactively and the effect on results of operations for the current and prior periods has been disclosed in the consolidated statements of earnings and retained earnings.

(e) Exploration expenditures

The company follows the practice of charging exploration expenditures to expense in the year incurred.

(f) Depreciation and depletion

Depreciation is calculated on the reducing balance method as follows:

Head office furniture	20%
Mine equipment	30%
Oil well equipment	4%-30%

Depletion of oil lease costs is based on production in relation to known reserves.

2. Change of year end

Effective in 1974, the company's year end was changed from October 31, to December 31. Certain of the 1973 figures have been reclassified for comparative purposes.

3. Investment in other companies

This item comprises:

	1974	1973
Investment in shares of Discovery Mines Limited (46.6% owned) accounted for by the equity method (quoted market value 1974 — \$2,884,950; 1973 — \$1,393,000) (note 6)	\$ 1,716,186	\$ 1,939,227
Other listed shares — at cost (quoted market value 1974 — \$1,890,330; 1973 — \$1,795,000)	1,885,829	1,743,005
Other shares (unlisted or escrowed) and debentures — at cost, less amounts written off	533,198	278,569
	<u>4,135,213</u>	<u>3,960,801</u>

The quoted market values referred to above do not necessarily represent the realizable value of these holdings which may be more or less than that indicated by market quotations.

RAYROCK MINES LIMITED
AND ITS SUBSIDIARY

4. Exploration expenditures

These consist of the following:

	1974	1973
Goldlund property — underground sampling and expenditures on buildings and structures	\$ 150,651	\$ 528,310
Reco property	109,482	161,529
Other mining exploration	370,176	241,457
	<u>630,309</u>	<u>931,296</u>

5. Remuneration to directors and senior officers

Directors and senior officers, as defined in the Business Corporations Act (Ontario), received direct remuneration as follows:

	1974	1973
	\$	\$
Directors and senior officers	81,600	57,200
Senior employees (not officers or directors)	54,800	9,000
	<u>136,400</u>	<u>66,200</u>

6. Avoca Mines Limited

Through its investment in Discovery Mines Limited, the company has an approximate 25% interest in Avoca Mines Limited, which company has a working capital deficiency at December 31, 1974 of \$1,785,000. This deficiency is composed almost entirely of unsecured debentures maturing December 31, 1975 and that company, depending on the outcome of negotiations for further financing of Avoca Ireland referred to below, may be required to seek extension of the maturity date of all of the debentures.

Avoca Mines Limited ("Avoca Ireland"), a wholly-owned subsidiary of Avoca Mines Canada Limited, has a working capital deficiency at December 31, 1974 of \$2,456,000. Available lines of credit from Avoca Ireland's bankers have been fully taken up and Avoca Ireland's continued operation is dependent on further financial support. Negotiations which that company believes will be successful are in progress with Irish government agencies and other companies which may result in further funds being made available. The proposals under discussion will result in a material reduction in the company's present percentage interest in Avoca Ireland.

The report of the auditors on the consolidated financial statements of Discovery Mines Limited for the year ended December 31, 1974 concludes that solely in view of the material uncertainties as to whether Avoca Mines Canada Limited and its subsidiary may be able to continue operations, which situation can only be resolved by future events, they are unable to express an opinion on the consolidated financial statements.

Should Avoca Mines Canada Limited and its subsidiary be unable to continue operations, Rayrock's investment in Discovery Mines Limited may be reduced by up to \$950,000 under the equity accounting method required to be followed.

7. Subsequent event

Early in 1975 the company increased to 100% its interest in oil leases and equipment of the R & R unit and the Gobles Field for a cash consideration of \$913,000.

RAYROCK MINES LIMITED
AND ITS SUBSIDIARY

AUDITORS' REPORT TO THE SHAREHOLDERS

We have examined the consolidated balance sheet of Rayrock Mines Limited and its subsidiary as at December 31, 1974 and the consolidated statements of earnings, retained earnings and changes in financial position for the fourteen months then ended. Our examination of the financial statements of Rayrock Mines Limited included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances. We have relied on the report of the auditors who examined the financial statements of the subsidiary.

As outlined in note 6, the company has an indirect investment in certain companies which are negotiating or propose to negotiate for substantial further financing to enable them to continue their operations, failing which there may be a material reduction in the carrying value of such investment under the equity accounting method required to be followed.

In our opinion, subject to any loss arising from the matters referred to above and outlined in note 6, these consolidated financial statements present fairly the financial position of the companies as at December 31, 1974 and the results of their operations and the changes in their financial position for the fourteen months then ended, in accordance with generally accepted accounting principles which have been applied, after giving retroactive effect to the adoption of the equity method of accounting (note 1(a)) and deferred income taxes on oil and gas intangibles (note 1(d)) with which we concur, on a basis consistent with that of the preceding year.

Toronto, Canada
May 8, 1975

COOPERS & LYBRAND
Chartered Accountants

